

Message Text

CONFIDENTIAL

PAGE 01 EC BRU 11608 262029Z

41

ACTION EUR-12

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H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC PRIORITY 2437

INFO ALL EC CAPITALS 2788

USMISSION BERLIN

USMISSION NATO

USMISSION OECD PARIS

AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

C O N F I D E N T I A L EC BRUSSELS 11608

E.O. 11652: GDS

TAGS: EEC, COMECON, PFOR, EEWT, CSCE, EFIS, ETRD

SUBJECT: EC/CEMA RELATIONS: CURRENT COMMISSION VIEWS

REFS: (A) BONN 19865; (B) BRUSSELS 11316

1. SUMMARY: DURING MEETING WITH MISSION OFFICERS ON
NOVEMBER 26, KLEIN, EC COMMISSION OFFICIAL RESPONSIBLE
FOR EC RELATIONS WITH STATE TRADING COUNTRIES, REVIEWED
PRESENT STATE OF EC RELATIONS WITH CEMA STATES. HE
STRESSED IMPORTANCE IN EC RESPONSE TO CEMA OF THE COMMUNITY
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 EC BRU 11608 262029Z

ASSERTING THAT IT CONTINUES TO SPEAK WITH ONE

VOICE IN TRADE MATTERS; EXPRESSED VIEW THAT THERE WAS CLEAR UNDERSTANDING AT EC COUNCIL THAT EC/CEMA AGREEMENT WOULD APPLY TO BERLIN; AND POINTED OUT THAT SOVIET REPRESENTATIVES HAD OFFERED NO REACTION DURING RECENT LONDON NORTH EAST ATLANTIC FISHERIES COMMISSION (NEAFC) MEETING TO THE EC'S 200-MILE FISHERIES ZONE DECLARATION. END SUMMARY.

2. RESPONSE TO CEMA. INCONVERSATION WITH MISSION OFFICERS, FRIEDERICH KLEIN, EC COMMISSION DIRECTOR FOR RELATIONS WITH STATE TRADING COUNTRIES, INDICATED THAT THE EC RESPONSE TO CEMA WAS DELIVERED TO POLISH PRIME MINISTER OLSZEWSKI ON NOV. 7; AS FAR AS HE KNEW, THE POLES MERELY ACCEPTED THE REPLY WITHOUT MAKING ANY SUBSTANTIVE COMMENT. IN GENERAL COMMENTS ON THE EC RESPONSE ITSELF, KLEIN SAID HE FELT THE MOST SIGNIFICANT ELEMENT WAS THE TRADE RELATIONS CLAUSE

WHICH PUTS ON THE TABLE ONCE AGAIN THE EC'S NOVEMBER 1974 OFFER OF TRADE AGREEMENTS WITH THE CEMA MEMBER STATES. HE SAID THAT THE FOUR POSSIBLE AREAS OF COOPERATION OUTLINED IN THE RESPONSE PROVIDE A BASIS FOR NEGOTIATION AND THAT OTHER AREAS COULD BE ADDED

LATER IF FOUND TO BE WITHIN THE COMPETENCE OF BOTH ORGANIZATIONS. IN KLEIN'S VIEW THE NATURE OF THE EC RESPONSE WAS IMPORTANT IN DEMONSTRATING TO THE SOVIETS THAT THE COMMUNITY CONTINUES TO SPEAK WITH ONE VOICE. HE SAID THAT THE SOVIETS HAD TRIED AN "END RUN" BY SUBMITTING THEIR PROPOSAL TO THE EC COUNCIL AFTER IT HAD BECOME CLEAR TO THEM THAT CEMA'S DISCUSSIONS WITH THE EC COMMISSION IN MOSCOW IN FEBRUARY 1975 WERE NOT GOING TO LEAD TO ANY CONCESSIONS ON THE COMMUNITY SIDE. HE STRESSED AS WELL THE IMPORTANCE OF THE COMMUNITY'S HAVING MADE CLEAR THAT, REGARDLESS OF WHETHER OR NOT CEMA INSISTED ON ITS OWN MEMBER STATES SIGNING ANY EVENTUAL AGREEMENT WITH THE EC, THE COMMUNITY WOULD BE THE SOLE SIGNATORY ON THE EC SIDE. KLEIN SAID HE WOULD HESITATE TO PREDICT HOW THE SOVIETS WOULD EVENTUALLY RESPOND TO THE EC'S COUNTERPROPOSAL BUT WOULD NOT EXCLUDE THE POSSIBILITY THAT THEY MIGHT REJECT THE EC'S POSITION
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 EC BRU 11608 262029Z

AS TOO RESTRICTIVE AND MAKE USE OF IT AS A PROPAGANDA PLOY AT THE BELGRADE CSCE FOLLOW-UP, CHARGING EC OBSTRUCTION OF BASKET II IMPLEMENTATION. HE CONCLUDED BY COMMENTING THAT THE EC CAN LIVE WITH PRESENT ARRANGEMENTS FOR RELATIONS WITH THE CEMA STATES INDEFINITELY.

3. BERLIN: ALTHOUGH HE WAS NOT PRESENT FOR THE EC

COUNCIL DISCUSSION, KLEIN SAID IT WAS HIS CLEAR UNDERSTANDING FROM THOSE WHO WERE PRESENT THAT THE FOREIGN MINISTERS WERE FULLY AWARE THAT ARTICLE 6 OF THE EC DRAFT ON TERRITORIAL APPLICABILITY REFERRED TO WEST BERLIN. THERE WAS NO DOUBT IN HIS MIND THAT THE SOVIETS WILL CLEARLY RECOGNIZE THE SAME POINT IN THE DRAFT. IN KLEIN'S VIEW, THE FRG WILL NEVER ACCEPT AN AGREEMENT WHICH EXCLUDES BERLIN; HE NOTED THAT THREE FRG/SOVIET BILATERAL AGREEMENTS ARE CURRENTLY BLOCKED ON JUST THIS ISSUE AND THAT THE FRG CAN HARDLY TAKE A SOFTER LINE IN THIS CASE. FURTHERMORE, HE FELT THAT THE EC, HAVING INCLUDED BERLIN IN ITS DRAFT, COULD HARDLY AFFORD TO BACK DOWN SUBSEQUENTLY.

4. COOPERATION AGREEMENTS: WITH REGARD TO PRESENT SYSTEM OF BILATERAL COOPERATION AGREEMENTS BETWEEN EC MEMBER STATES AND EASTERN EUROPEAN COUNTRIES, KLEIN EXPRESSED SATISFACTION WITH PRESENT ARRANGEMENTS, WHICH PROVIDE ONLY FOR COMMUNITY REVIEW TO ENSURE THAT SUCH AGREEMENTS INCLUDE NO TRADE CLAUSES. HE SAID THAT ANY GREATER COMMUNITY INVOLVEMENT WAS AT THE PRESENT TIME UNWORKABLE, GIVEN THE INTEGRAL INVOLVEMENT OF THE PRIVATE SECTOR IN CARRYING OUT SUCH AGREEMENTS. HE SAID THAT WHILE THE EASTERN EUROPEAN STATES CAN TELL THEIR STATE-RUN INDUSTRIES WHAT TO PRODUCE AND WHERE TO DO BUSINESS, THE EC OBVIOUSLY CANNOT BEGIN TO "DIRECT" PRIVATE INDUSTRY IN THE MEMBER STATES. KLEIN WARNED, HOWEVER, THAT THERE WERE TWO AREAS WHERE GREATER COMMUNITY SURVEILLANCE MIGHT BE CALLED FOR: (1) EXCESSIVE GROWTH OF EASTERN DEBT LEVELS AND (2) THE POSSIBILITY THAT JOINT INVESTMENT VENTURES MIGHT LEAD TO THE EXCESSIVE EXPORTS OF "SENSITIVE PRODUCTS" TO THE EC STATES WHICH WOULD CAUSE MARKET DISRUPTIONS.

CONFIDENTIAL

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PAGE 04 EC BRU 11608 262029Z

5. FISHING: KLEIN SAID THAT THE SOVIETS HAD OFFERED NO REACTION TO THE EC'S 200- MILE DECLARATION DURING THE LONDON NEAFC MEETING. THE POLES, ON THE OTHER HAND, DESPITE THE POSITION WHICH THEY TOOK DURING THE LONDON MEETING, PRIVATELY INDICATED TO EC REPRESENTATIVES THEIR INTEREST IN EVENTUALLY CONCLUDING AN AGREEMENT WITH THE EC WHENEVER THEY COULD BRING THE SOVIETS ALONG TO ACCEPT THE IDEA. HINTON

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